



# **Success Story**

Delaware District Office

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## **Hospitality and Outstanding Staff Drives The Buttery's Success**

By Jayne Armstrong

When customers think of The Buttery Restaurant, the first word that comes to mind is hospitality. It is not a coincidence. Owners John Donato and Twain Gonzales' business model is based on knowing their customers and providing them with the highest quality of service.

Donato is the front person, the personality that patrons get to know. Prior to opening the restaurant, he spent 20 years in the hotel and restaurant industry with Marriott Omni, the Cunard Cruise Line and the Ritz Hotel in London. Gonzales, a psychologist by trade, takes cares of the business operations behind the scenes.

They started the popular Lewes restaurant in 1994 at the New Devon Hotel after spending most of the summer sitting on sidewalks studying consumers' traffic and purchase habits. They recognized that the Lewes business community was primarily seasonal in nature and lacked an upscale restaurant. They saw a niche opportunity to open a cutting edge restaurant with year-round operations. Their decision was nothing short of visionary, as Thanks in large part to The Buttery's success, Lewes has become a year-round destination for tourists and Delawareans alike.

Before opening the restaurant, Donato and Gonzales turned to Bill Pfaff at the Georgetown Small Business Development Center to help them develop a business plan. The process forced them to incorporate realistic forecasts and understand the demographics of the beach area.

The Buttery's personality emerges from the owners' worldwide travels. Their vision was to define a new American Bistro restaurant similar to European cafes. From the response of their customers, it is obvious they have succeeded.

The restaurant offers an elegant dining experience with its inviting, intimate décor. But it is the ever-changing gourmet menus of executive chef Gary Papp that brings the customers back again and again. Many of his unique recipes have found their way into Gourmet and Bon Appetit magazines. Seafood is always present, along with rack of lamb and filet au poivre. The on-site bakery, which turns out hundreds of loaves of crusty French bread every day, is run by baker Lorraine Papp, who is the wife of the chef. She owned her own restaurant in Bucks County, PA before coming to the Buttery.

In late 1997, Donato and Gonzales started to think about acquiring their own building. They returned to the SBDC to revise their business plan and conduct research. Donato is a firm believer in planning. “That way, when we went to the bank it made sense. We could balance our income and expenses, and we understood the market. Having a detailed business plan made the difference in getting the funding,” said Donato.

The partners secured a 504 loan through the U.S. Small Business Administration (SBA), Wilmington Trust, and Mid-Atlantic Business Finance Corporation. The fixed-rate, 504 loan allowed the partners to purchase an 1895 Victorian house with only a 10 percent cash injection and a 20-year repayment term. The low cash injection enabled the partners to put more money into day-to-day restaurant operations.

The Buttery’s name is taken from the Old English word mentioned in the Hobbitt for where bread, cheese and ale are stored. The name is tied to Lewes’ rich Victorian history.

Donato and Gonzales opened in the new location in February 1999 following a quick renovation. They decided to implement a five-year renovation plan to limit the disruption of business for their customers. Over the years they have replaced the sewer line and added a veranda for summer dining. They also converted the property’s carriage house into a bakery to support the restaurant’s catering and wedding business.

The key to the Buttery’s success is Donato’s and Gonzales’ emphasis on its employees, which average between 40 and 50 throughout the year. Many of their employees have been with the restaurant since the beginning, including Papp. Such a low employee turnover rate is very unusual for the restaurant industry, but The Buttery is not typical restaurant.

Thanks to Gonzales’ expertise as a psychologist, the restaurant has focused on employee team building and personal development problem solving techniques. It also offers comprehensive health benefits and a company matched 401K plan. Attractive benefits contribute to the employees’ commitment to the business, and ultimately add to the hospitality provided to its patrons.

Many of The Buttery’s regular customers are out of state residents with vacation homes in the beach area. It is not unusual for Donato to re-open the kitchen after closing hours to accommodate a late arriving customer’s schedule. Not surprisingly, The Buttery has attracted a very loyal customer base. After all, hospitality is its middle name.

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